

UPPER EXPLORERLAND REGIONAL  
HOUSING AUTHORITY

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Upper Explorerland  
Regional Housing Authority  
Postville, Iowa

Federal Audit Clearinghouse  
Bureau of the Census  
P.O. Box 5000  
Jeffersonville, IN 47199-5000

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Upper Explorerland Regional Housing Authority, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Explorerland Regional Housing Authority as of June 30, 2015, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplemental Information*

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Revenues, Expenses and Changes in Net Position-Budget to Actual is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organization", and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position-Budget to Actual, other supplementary data and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 12 to 15 is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2016, on our consideration of Upper Explorerland Regional Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Upper Explorerland Regional Housing Authority's internal control over financial reporting and compliance.



RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

March 15, 2016



**Upper Explorerland Regional Housing Authority  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2015**

The management of the Upper Explorerland Regional Housing Authority (Authority) offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. Please read this information in conjunction with the full audited financial statements and additional information that follow this narrative.

**Overview of Upper Explorerland Regional Housing Authority**

The Authority was created pursuant to Iowa Code Chapter 28E for the purpose of providing safe and affordable housing to low-income families in the northeast Iowa counties of Howard, Winneshiek, Allamakee, Clayton, and Fayette. The Authority receives funding from the Department of Housing and Urban Development's Housing Choice Voucher Program (HCV) to assist low-income families and individuals by subsidizing the rent on existing, privately-owned rental property. The housing assistance is paid directly to landlords on behalf of the families who are on the program. The families then pay the difference between the market rental rate charged by the landlord and the housing assistance payment provided by the program. The Authority is paid by HUD to administer program. The Authority's operations are funded almost entirely through administrative fees received from HUD. The Authority enters into an Annual Contributions Contract (ACC) each year with the Department of Housing and Urban Development to serve up to 407 families in the designated counties.

The Authority faced budget challenges in the 2014 fiscal year. In late May 2014, the Authority was sent an amended renewal funding notification indicating that the HUD-Held Program Reserves were no longer available to the Authority thus resulting in a projected HAP shortfall for CY2014. On June 5, 2014, the Authority received official notification from HUD that the Shortfall Prevention Team (SPT) would be in contact with the Authority to resolve the shortfall issue. The goal of SPT was to work with the PHA, the HUD Field Office, and the Financial Management Center to come to a resolution to prevent the termination of assisted families due to the insufficient funding. This shortfall set the stage for the 2015 fiscal year and its' work.

Unfortunately, the shortfall did cripple the Authority and the clients. Currently, the Authority is working to regain nearly 39 leases-ups lost from 2014.

An action plan was also identified during the shortfall period to include establishing a reinstatement policy; reviewing occupancy standards and "rent burden worksheets"; and reviewing PIC data for minimum rents and review adjusted monthly income of assisted families. The Authority worked cooperatively with the SPT and on July 25, 2014, the Authority was no longer identified as a shortfall agency. Historically, the Authority has held a year-long waiting list for vouchers. Since the Authority is financial dependent on administration from the lease up numbers, the Authority brought on temporary staff to assist to increase the numbers quickly. The Authority did apply for and receive CY2015 Set-Aside funding to support the increased cost of portability vouchers. The funding totaled \$31,381. The Authority also applied for higher administrative fees but was denied.

The additional Set-Aside funds have assisted significantly with the budgetary gaps during the fiscal year. These budgetary gaps have left the Authority in an UNA deficit as of June 30, 2015. With the extra temporary work needed to bring up lease up numbers a strain was put upon the Authority's administrative costs. The temporary position has completed the necessary work and has been terminated. The Authority continues to monitor budget availability closely with HUD's PHRS representative and ensures the balance of the UNA will not be negative in the future.

The Authority is regaining their original numbers slowly and at the end of FY 2015 was still significantly under leased. In looking forward to FY2016 the Authority has diligently increased the units to surpass the 39 lost units. The Authority remains committed to assessing all operational procedures, looking for ways to decrease the time and

costs of delivering services to secure the program within its region. The Authority also believes in its programs that serve Northeast Iowa residents and will continue to work diligently and efficiently to provide assistance to families in need.

### Financial Highlights

- The Authority's net assets decreased by \$42,470 to \$(8,483) compared to the previous year end net assets of \$33,987. Unrestricted net assets decreased by \$43,282 to \$(9,295), compared to the previous year end unrestricted net assets of \$33,987.
- The total revenue for the fiscal year was \$1,289,687, a decrease of \$44,051 (or 3.3%) from last year.
- The total expenditures for the fiscal year were \$1,322,769, a decrease of \$42,621 (or 3.1%) from last year.
- The Authority's net loss from operating activities for the fiscal year was \$33,082.

The financial statements included in this report are those required for a major federal program. Among the statements included are:

- Statement of Net Assets identifying current resources and liabilities. Assets are identified as both restricted and non-restricted. Restricted net assets have constraints placed on them either externally by grantors, contributors, or laws and regulations of government.
- Statement of Revenues, Expenses, and Changes in Net Assets identifying operating revenues and expenses. Those revenues that are restricted are identified as such in the report.
- Statement of Cash Flows identifying cash from operating and investment activities.

### Financial Comparison

Below is a summarized statement that compares revenue and expenditures for the current period to the period ending June 30, 2014:

	<u>06/30/2014</u>	<u>06/30/2015</u>	<u>Net Change</u>
REVENUES:			
HUD	\$1,318,671	\$1,284,320	(\$ 34,351)
Interest	\$ 0	\$ 0	(\$ 0)
Interest Income-Restricted	\$ 116	\$ 314	\$ 198
Fraud Recovery	\$ 10,311	\$ 4,934	(\$ 5,377)
Other	\$ 4,640	\$ 119	(\$ 4,521)
Total Revenue	\$1,333,738	\$1,289,687	(\$ 44,051)
EXPENDITURES:			
Admin Salaries	\$ 99,445	\$ 135,925	\$ 36,480
Advertising & Promotion	\$ 0	\$ 0	\$ 0
Auditing Fees	\$ 1,800	\$ 1,900	\$ 100
Employee Benefits Contributions	\$ 25,731	\$ 35,801	\$ 10,070
Other Operating-Administrative	\$ 24,993	\$ 30,844	\$ 5,851
Tenant Services	\$ 0	\$ 0	\$ 0
Utilities	\$ 1,070	\$ 2,200	\$ 1,130
Maintenance & Operation	\$ 2,482	\$ 11,843	\$ 362
Insurance	\$ 6,284	\$ 6,666	(\$ 1,621)
Other Expense	\$ 8,477	\$ 6,856	(\$ 204)
Portability Payments	\$ 3,075	\$ 0	(\$ 3,075)
Housing Assistance Payments	\$1,192,033	\$ 1,090,734	(\$ 101,299)
Total Expenditures	\$1,365,390	\$ 1,322,769	(\$ 42,621)
Change in Net Assets	(\$ 31,652)	(\$ 33,082)	(\$ 1,430)

Below is a summarized statement that compares the consolidated balance sheets of the current period to the period ending June 30, 2014:

	<u>06/30/2014</u>	<u>06/30/2015</u>	<u>Net Change</u>
ASSETS:			
Total Assets	\$ 50,249	\$ 30,635	(\$ 19,614)
LIABILITIES:			
Total Liabilities	\$ 16,262	\$ 39,118	\$ 22,856
UNRESTRICTED NET ASSETS	\$ 33,987	\$ (9,295)	(\$ 43,282)
RESTRICTED NET ASSETS	\$ 0	\$ 812	\$ 812
NET ASSETS	\$ 33,987	\$ (8,483)	(\$ 42,470)



**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

**ASSETS**

Current Assets:

Cash-Unrestricted	\$	-
Cash-Restricted		27,969
Accounts Receivable		2,475
Prepaid Asset		191
Total Current Assets		<u>30,635</u>

**TOTAL ASSETS**

\$ 30,635

**LIABILITIES**

Current Liabilities:

Deferred Revenue	\$	21,000
Accounts Payable		<u>18,118</u>

**TOTAL LIABILITIES**

39,118

**NET POSITION**

Unrestricted Net Assets	(9,295)
Restricted Net Assets	<u>812</u>

**TOTAL NET POSITION**

(8,483)

**TOTAL LIABILITIES AND NET POSITION**

\$ 30,635

**EXHIBIT B**

**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2015**

**OPERATING REVENUES**

HUD	\$ 1,284,320
Fraud Recovery	4,934
Miscellaneous	119

TOTAL OPERATING REVENUES	1,289,373
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**OPERATING EXPENSES**

Administrative Salaries	135,925
Auditing Fees	1,900
Employee Benefit Contributions-	-
Administrative	35,801
Other Operating-Administrative	30,844
Utilities	2,200
Ordinary Maintenance & Operations	11,843
Insurance	6,666
Housing Assistance Payments	1,090,734
Other General Expense	6,856

TOTAL OPERATING EXPENSES	1,322,769
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OPERATING INCOME (LOSS)	(33,396)
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**NON-OPERATING REVENUES**

Interest	314
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<b>CHANGE IN NET POSITION</b>	(33,082)
<b>NET POSITION, beginning</b>	33,987
<b>PRIOR PERIOD ADJUSTMENT</b>	(9,388)

<b>NET POSITION, ending</b>	\$ (8,483)
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**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2015**

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash Received from:	
HUD	\$ 1,297,271
Cash Paid to/for:	
Housing Assistance Payments	(1,090,734)
Administrative Expense	(239,567)
Other	33,312

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

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282**CASH, BEGINNING OF YEAR**

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27,687**CASH, END OF YEAR**

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\$ 27,969**Reconciliation of Net Income to Cash Provided  
By (Used In) Operations:**

Net Loss	\$ (33,082)
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## Adjustments to Reconcile Net Income to Net

Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	19,896
(Increase) Decrease in Prepaid Assets	-
Increase (Decrease) in Accounts Payable	(7,532)
Increase (Decrease) in Other Current Liabilities	21,000

## Total Adjustments

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33,364**NET CASH PROVIDED BY OPERATING ACTIVITIES**

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\$ 282



UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority had no investments at June 30, 2015.

**Concentration of Credit Risk**

The Authority does not have an investment policy regarding concentration of credit risk.

**Income Taxes**

The Housing Authority is a non-profit and not subject to income taxes.

NOTE 2 - NATURE OF OPERATIONS

The Authority operates under Section 8 of the U.S. Housing Act of 1937. Section 8 Voucher Program assistance is a rental assistance program to help very low income families afford decent, safe and sanitary rental housing. The Authority, known as a public housing agency or PHA, accepts applications for rental assistance, selects the applicant for admission and issues the selected family a rental voucher confirming the family's eligibility for assistance. The family must find a suitable dwelling unit. The Authority pays the landlord a portion of the rent, known as a housing assistance payment or HAP, on behalf of the family. The Authority enters into an annual contributions contract, or ACC, with HUD, which provides funds to administer the program.

NOTE 3 – RECEIVABLES

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Accounts Receivable-Fraud Recovery represents the amount of agreements, net of payments already made, signed by tenants promising to pay back monies to the Authority.

Accounts Receivable-HUD represents amounts due from HUD for services provided by UERHA.

NOTE 4 – EQUIPMENT

The Authority's equipment is purchased with HUD dollars and as such is not depreciated. The Authority is required to keep a list of equipment.

# UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Basis of Presentation (continued)

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is operating grants. Operating expenses for the Housing Authority include administration fees, costs to operate its office and housing assistance payments. All revenue and expenses not meeting the aforementioned definition are reported as non-operating revenue and expenses.

Net assets are reported in two categories:

*Restricted Net Assets* result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

*Unrestricted Net Assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

#### ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### CONCENTRATION OF REVENUES

The Authority receives approximately 98% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions. A significant reduction in the level of this support would have a significant effect on the Authority's programs and activities.

#### Investments Authorized by the Authority's Investment Policy

The Authority is required to invest its funds in accordance with Iowa statutes and HUD guidelines. The Authority does not have an investment policy with any specific provisions intended to limit their exposure to investment rate risk, credit risk and concentration of credit risk.

# UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Basis of Presentation (continued)

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority had no investments at June 30, 2015.

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### NOTE 3 – RECEIVABLES

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Accounts Receivable-Fraud Recovery represents the amount of agreements, net of payments already made, signed by tenants promising to pay back monies to the Authority.

Accounts Receivable-HUD represents amounts due from HUD for services provided by UERHA.

### NOTE 4 – EQUIPMENT

The Authority's equipment is purchased with HUD dollars and as such is not depreciated. The Authority is required to keep a list of equipment.



# UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 5 – FRAUD RECOVERY REVENUE

Fraud recovery income shown on the Statement of Revenues, Expenses, and Changes in Net Assets for fiscal year was \$4,934. This was determined as follows:

Authority's Share – 50% x \$ 4,934	\$ 2,467
HUD's Share – 50% x \$ 4,934	<u>2,467</u>
	<u>\$ 4,934</u>

Likewise, the Accounts Receivable-Fraud Recovery of \$2,475 was distributed 50% (\$1,237) to Restricted Funds and 50% (\$1,237) to Unrestricted Funds.

### NOTE 6 – PENSION AND RETIREMENT BENEFITS

The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

### NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance.

### NOTE 8 – LITIGATION

The Authority was involved in no litigation as of June 30, 2015.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 9 – UNRESTRICTED & RESTRICTED ASSETS

The Authority had \$(9,295) in unrestricted net assets at June 30, 2015.

Unrestricted Assets consist of the following:

<u>Unrestricted Net Assets – Administrative</u>	
Beginning Balance	\$ 33,987
HUD Administrative Payments in Excess of Administrative Expenses for the Year Ended June 30, 2015	<u>43,282</u>
Total Unrestricted Assets – Administration	<u>\$ (9,295)</u>

The Authority had a \$812 balance in restricted net assets at June 30, 2015. Per HUD regulations, the restricted net assets may be expended for the housing assistance payment program only.

Restricted Net Assets – HAP

Beginning Balance	\$ - 0 -
HAP in Excess of HUD payments	<u>812</u>
Total Restricted Assets – HAP	<u>812</u>
TOTAL NET ASSETS	<u><u>\$ (8,483)</u></u>

NOTE 10 - SUBSEQUENT EVENTS

Housing Authority has considered subsequent events through March 15, 2016 and is not aware of any significant subsequent events that they feel need to be disclosed.

## SUPPLEMENTARY INFORMATION



**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION-BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2015**

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Commission			
HUD	\$ 1,284,320	1,362,008	(77,688)
Interest-Unrestricted	314	-	314
Interest-Restricted	-	250	(250)
Fraud Recovery	4,934	750	1,000
Other	119	-	119
TOTAL REVENUE	1,289,687	1,363,008	(76,505)
EXPENSES			
Administrative Salaries	135,925	169,227	33,302
Auditing Fees	1,900	1,850	(50)
Employee Benefits	35,801	49,173	13,372
Contributions-Administrative			
Other Operating-Administration	30,844	37,895	7,051
Ordinary Maintenance & Operations/Utilities	14,043	10,795	(3,248)
Insurance	6,666	6,000	(666)
Housing Assistance Payments	1,090,734	1,090,000	(734)
Other	6,856	8,400	1,544
TOTAL EXPENSES	1,322,769	1,373,340	50,571
Deficiency of Revenues over Expenditures	(33,082)	(10,332)	(22,750)
Fund Balance, Beginning of Year	33,987	94,584	(60,597)
Prior Period Adjustment	(9,388)	-	(9,388)
Fund Balance, End of Year	\$ (8,483)	84,252	(92,735)

**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015**

Grantor/ Program	Direct: Department of Housing and Urban Development: Section 8 Housing Choice Vouchers
CFDA Number	14.871
Grant Number	IA130VO0114 thru IA130VO0123 and IA130AF088 thru IA130AF0096
Federal Expenditures	\$ 1,088,960

**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY  
SUPPLEMENTARY DATA REQUIRED BY HUD  
For the Year Ended June 30, 2015**

Accounts and Notes Receivable (Other than Tenant)

Fraud Recovery - \$4,934

Miscellaneous - \$119

Delinquent Tenant Accounts Receivable

Not Applicable

Tax and Insurance Escrow Deposits

Not Applicable

Reserve for Replacement and Residual Receipt Account

Not Applicable

Accounts Payable (Other than Trade Creditors)

Deferred Revenue \$21,000

Accrued Taxes

None

Compensation of Officers

None

Tenant Security Deposits

Not Applicable

Funds in Financial Institutions

Funds held by FreedomBank, Postville, Iowa - June 30, 2015:

#113 Money Market Operating Reserve

27,969

Total Cash

\$ 27,969



**UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY  
SUPPLEMENTARY DATA REQUIRED BY HUD  
For the Year Ended June 30, 2015**

Computation of Surplus Cash, Distributions and Residual Receipts

HUD Form - 93486 is not applicable to the Authority

HUD Form - 92410 Statement of Profit and Loss

HUD Form - 92410 is not applicable to the Authority

Identity of Interest Companies

None

Loans and Notes Payable

None

Changes in Partnership Interest

Not Applicable

Comments on Balance Sheet Items

None

Distributions Paid to the Partners

Not Applicable

Unauthorized Distributions Paid to the Partners

Not Applicable

Donations, Subsidy Payments and Founder's Fees

Not Applicable

**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Upper Explorerland Regional Housing Authority  
Postville, IA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Upper Explorerland Regional Housing Authority, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Upper Explorerland Regional Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Upper Explorerland Regional Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.".

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

March 15, 2016





*James R. Ridihalgh, CPA  
Gene L. Fuelling, CPA  
Donald A. Snitker, CPA  
Donald A. Weber, CPA*

*Jeremy P. Lockard, CPA  
Alan W. Flick, CPA  
Brent A. Waters, CPA*

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Upper Explorerland Regional Housing Authority  
Postville, IA

### **Report on Compliance for Each Major Federal Program**

We have audited Upper Explorerland Regional Housing Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Upper Explorerland Regional Housing Authority's major federal programs for the year ended June 30, 2015. Upper Explorerland Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Upper Explorerland Regional Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Upper Explorerland Regional Housing Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Upper Explorerland Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



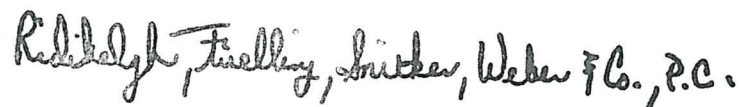
## Report on Internal Control Over Compliance

Management of Upper Explorerland Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Upper Explorerland Regional Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

March 15, 2016

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) An unmodified opinion was issued on the financial statement.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.871 – Housing Choice Vouchers.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Upper Explorerland Regional Housing Authority did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

No instances of non-compliance were noted.

Part III: Findings and Questioned Cost for Federal Awards:

No findings or questioned costs for federal awards were noted.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY  
AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS  
RELATING TO THE HUD PROGRAMS  
YEAR ENDED JUNE 30, 2015

There are no prior findings on which the Authority should take corrective action.

OFFICER'S CERTIFICATE

We hereby certify that we have examined the accompanying financial statements and supplementary data of Upper Explorerland Regional Housing Authority and, to the best of our knowledge and belief, they are complete and accurate.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_